

Message Text

UNCLASSIFIED

PAGE 01 KABUL 04418 160928 Z

12

ACTION OPIC-12

INFO OCT-01 NEA-10 ADP-00 EB-11 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 CIEP-02 LAB-06

SIL-01 OMB-01 RSR-01 /084 W
----- 108234

R 160820 Z JUN 73

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 3754

INFO USDOC WASHDC

UNCLAS KABUL 4418

STATE PASS OPIC

E. O. 11652: N/ A

TAGS: EIND, AF

SUBJECT: GENESCO TANNING PROJECT

REFS: (A) STATE 106599 (B) KABUL 3786 (C) KABUL 2533

1. SUMMARY: EMBASSY HAS STRONGLY SUPPORTED GENESCO INTEREST IN LOCAL TANNING FACTORY FROM BEGINNING AND RECOMMENDS OPIC GIVE FAVORABLE CONSIDERATION TO GENESCO REQUEST FOR FINANCING. YAQUB BROTHERS (LOCAL PARTNERS) ARE WELL KNOWN BUSINESS FAMILY OF HIGH REPUTATION. END SURRYARY.

2. EMBASSY HAS CLOSELY FOLLOWED GENESCO' S INVOLVEMENT IN THIS PROJECT SINCE FIRST VISIT OF MATHUR TO AFGHANISTAN. PRIOR TO GENE-SCO INTEREST, YAQUB BROTHERS HAD UNDER CONSTRUCTION TANNING FACILITY WITH YEARLY CAPACITY OF 120,000 SKINS. THIS PROJECT HAD BEEN APPROVED BY INVESTMENT COMMITTEE IN DECEMBER OF 1971. GENESCO INPUT OF CAPITAL AND TECHNICAL EXPERTISE WILL INCREASE OUTPUT TO 720,000 SKINS PER YEAR WITH GUARANTEED MARKETING OF PRODUCT. FACTORY WILL PRODUCE SEMI- FINISHED LEATHER FOR EXPORT TO U. S. AND FINISHED LEATHER FOR EITHER LOCAL CONSUMPTION OR EXPORT, DEPENDING ON QUALITY. AT PRESENT AFGHANISTAN IS EXPORTING ONLY RAW OR PICKLED SKINS
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KABUL 04418 160928 Z

(WET - BLUE - VEGETABLE). THUS PROJECT WILL ENABLE AFGHANISTAN TO DO MORE VALUE ADDED PROCESSING LOCALLY, THEREBY ELIMINATING " MIDDLE- MAN" COUNTRIES AND ALLOWING MORE OF PROFITS GENERATED FROM OWN RAW MATERIALS TO REMAIN WITHIN COUNTRY.

3. GENESCO INPUT: GENESCO WILL PROVIDE 10.2 MILLION AFGHANIS (PRESENT RATE OF EXCHANGE 61 AFS. EQUALS \$1) OUT OF 17 MILLION TOTAL CAPITAL. YAQUB BROTHERS ARE PUTTING UP OTHER 6.8 MILLION, THUS PROJECT WILL BE 60 PERCENT OWNED BY GENESCO, WHICH WILL ALSO PROVIDE MANAGEMENT ASSISTANCE, GUARANTEED MARKETING OF PRODUCT, TECHNICAL ASSISTANCE IN TANNING PRACTICES AND TRAINING FOR AFGHAN STAFF.

4. COMPETITIVE SITUATION: THERE ARE AT PRESENT SIX OTHER TANNERIES IN OPERATION IN AFGHANISTAN, TWO OF THEM WITH FOREIGN COLLABORATION. THE LARGEST, AHU SHOE COMPANY OF KABUL, HAS SOME FINANCING FROM SWISS SOURCES AND FOREIGN MANAGEMENT, BUT CONCENTRATES ON PRODUCTION OF LOW COST SHOES FOR DOMESTIC MARKET. THE KANDAHAR LEATHER INSTITUTE (INDIAN BACKED) PRESENTLY IS NOT VERY ACTIVE, WHILE THE FOUR AFGHAN FIRMS ARE CAPABLE OF PRODUCING ONLY SEMI- PROCESSED SKINS (WET- BLUE- VEGETABLE). MR. D. M. GUHA, LEATHER ADVISOR TO THE AFGHAN PRIVATE INVESTMENT PROGRAM (UNDP AUSPICES). IS OF THE OPINION THAT THE GENESCO- YAQUB PROJECT WILL HAVE NO TROUBLE IN MAINTAINING COMPETITIVE POSITION.

5. RGA APPROVAL: GENESCO- YAQUB PROJECT NOT YET APPROVED BY RGA INVESTMENT COMMITTEE, BUT THIS DUE SOLELY TO FAILURE OF COMMITTEE TO MEET IN LAST TWO MONTHS. INVESTMENT ADVISORY CENTER HAS RECOMMENDED APPROVAL AND INDIVIDUAL COMMITTEE MEMBERS HAVE GIVEN YAQUB ASSURANCES THAT PROJECT WILL BE APPROVED AT NEXT SCHEDULED MEETING (HOPEFULLY THIS MONTH). EXPORT ORIENTATION OF PROJECT IS OF PARTICULAR VALUE IN OBTAINING APPROVAL.

6. REPUTATION OF LOCAL PARTNERS: YAQUB FAMILY PROMINENT AND WELL KNOWN IN LOCAL BUSINESS CIRCLES. HAVE EXTENSIVE HOLDINGS IN AGRICULTURAL LAND OUTSIDE KABUL AS WELL AS COMMERCIAL PROPERTIES WITHIN CITY (INCLUDING AFGHANISTAN' S LARGEST DEPARTMENT STORE, THE AFGHAN STORE). LEWIS

UNCLASSIFIED

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KABUL04418
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: KABUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730623/aaaajfda.tel
Line Count: 104
Locator: TEXT ON-LINE
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) STATE 106599; (B) KABUL 3786; (C) KUBAL
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 16 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Oct-2001 by phillir0>; APPROVED <06-Feb-2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980212
Subject: GENESCO TANNING PROJECT
TAGS: EIND, AF
To: OPIC
SECSTATE WASHDC INFO USDOC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005